

SPRING 2019

DOWNSTREAM



ARE YOU READY FOR EXPO?

Dawn Shakespeare on what to expect at this year's event
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BETTER TOGETHER

EXPO seminar participants UKPIA share their vision for partnership and the future of the industry
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THE REAL DEAL

Ahead of the **2019 Driver of the Year** award, we discuss delivering excellence with the 2018 winner – **Clifford Tappin of Lovell Fuels**

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A publication by the
Federation of Petroleum Suppliers



FPS responds to bioenergy review launch

The FPS has submitted its responses to the launch of the Renewable Energy Association's review of bioenergy as a renewable energy source.

The FPS has responded to the Renewable Energy Association's (REA) launch of its bioenergy review, which aims to explore the potential of renewable bioenergy sources such as wood pellets and biodiesel, by submitting its views to the REA's call for evidence.

The REA's review follows on from the Committee for Climate Change (CCC)'s estimate that bioenergy could provide up to 15 per cent of the UK's total energy needs by 2050, representing an increase of over 100 per cent. The International Energy Agency (IEA) has described bioenergy as the "overlooked giant of renewables".

The REA review is likely to form a central plank of a new governmental and industrial policy strategy, and the FPS has welcomed the move, with CEO Guy Pulham stating that: "FPS members are keen to future-proof their businesses and the promotion

of bioenergy together with other renewable energy is likely to encourage investment within the industry, which can only be a good thing."

The REA review is expected to provide a comprehensive picture of the current state of bioenergy usage in the UK, and the role it can play in meeting carbon targets by the end of the UK's final carbon budget in 2032, as well as its potential for meeting decarbonisation targets by 2032.

Bioenergy usage in combination with liquid fuels is an area the distribution industry has enthusiastically supported. Guy points out that there is already some history of research into this area, noting that: "There were successful trials of a biofuel called B30k (30 per cent FAME and 70 per cent kerosene) in 2010, which resulted in the continued efficient operation of heating systems and

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lower carbon emissions from this mix than with other fuels. And more recently, members of Trade Association OFTEC have carried out laboratory combustion trials, burning hydrated vegetable oil (HVO) in blends of between 30 per cent and 100 per cent with kerosene, and these are proving promising from a heat and emissions viewpoint."

However, the FPS has also highlighted the importance of a responsible and commercially aware approach to the UK's energy transition, to avoid disruption and potential harm to consumers and businesses. Guy states that: "There are costs involved in changing to a new energy source, and this is particularly true for the 1.5 million homeowners in the UK and Northern Ireland whose homes are heated by oil, as well as for the 250,000 businesses that rely on oil for heating needs. As a rule, buildings heated by oil tend to be older and designed in such a way that makes moving from a liquid fuel very expensive. Indeed, research by National Energy Action and the Campaign to Protect Rural England shows that rural areas are five years behind urban areas in the energy efficiency of homes."

The FPS would welcome a meeting with REA to discuss its proposals for bio energy further and find ways of working together in the most effective manner.

"Many consumers simply won't be able to afford the upfront installation costs of some low-carbon electric energy technologies and even those that can will potentially end up paying more for running costs."

A better tack, Guy says, would be to find a combination of energy solutions to best serve the needs of different communities and individuals, ideally by working in partnership with the fuel distribution industry and investing in possible solutions and technologies. Guy states that: "The FPS would welcome a meeting with REA to discuss its proposals for bioenergy further and find ways of working together in the most effective manner."

FPS EXPO 2019
PANEL SESSION
PREVIEW

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The advantages of pneumatic versus electric hoists

Pneumatic hoists from J D Neuhaus (JDN) offer numerous advantages over their electric counterparts. In areas such as duty cycle, variable speed control, installation and operation and of course safety, a JDN pneumatic hoist really makes a difference.

Duty cycle is an important area of focus. Electric drives can only be used for intermittent operations (S2 duty), so are not suitable for continuous use. Conversely, JDN's pneumatic hoists have no downtime and a 100 per cent duty cycle rating.

In addition, JDN pneumatic hoists can work constantly thanks to the patented design self-cooling gearbox, where decompressed air flows through channels within the gearbox to cool the gear train.

This offers a great benefit as hoists can be in uninterrupted use over multiple shifts.

A pneumatically operated hoist is able to offer easy, accurate and wide-ranging speed control at low cost, enabling simple, sensitive and accurate positioning of loads in all environmental conditions. In comparison, an electric hoist will require a frequency converter (also known as a VFD) and shielded wires to prevent radio interference, while the motor will need thermo-elements to avoid increased heating at the windings.

Safety becomes a major issue for electric hoists in potentially explosive environments such as oil rigs, mines and paint shops. Moreover, it is challenging to configure electric drives for use in such areas. In contrast, there are no

such issues when using air-operated hoists from JDN. By using compressed air, they are suitable for use in dust-laden atmospheres.

Pneumatic hoists contain relatively few mechanical components compared to electric hoists. JDN's modular design also provides simple access to all parts making maintenance easy. This results in less downtime and faster, more affordable repairs.

For further information on JD Neuhaus, please visit www.jdngroup.com/uk



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New 2019 Fuel and Lubrication Equipment Catalogue From Hytek

Fuel and lubrication equipment specialist Hytek continue to innovate with over 30 new products featured in their new product catalogue – featured at the back of each section.

Log in to your online account to receive a discount on carriage charges and a lower Free Carriage threshold. The website now features a faster, more accurate search engine, and 24/7 ordering.

The new catalogue goes live in April 2019, and will be available in both printed and digital versions:

- The “distributor” printed or digital version - shows list and trade prices
- The “retail” printed or digital version - specifically for trade counters shows list prices only, with space for the distributor's logo and contact details; no Hytek contact details will appear in this version
- The “branded” digital version - created with the distributor's logo and contact information and doesn't feature any Hytek contact information, or pricing.

Key new products

The ALPHA pump range now has MID certified variants, allowing them to be used for resale. The introduction of new Day Tank Controllers and Fuel Recirculation Kits boosts the already extensive range of fuel care systems.

ALPHA MID certified for resale

The Alpha pump range now includes versions approved for the resale of fuel in the commercial market. In accordance with the Measuring Instruments Directive (MID) 2014/32/EU, enhanced variants of the existing Alpha models have undergone rigorous certification testing at the National Measuring Office and are now approved for the resale of fuel throughout Europe. The new MID approved Alpha models now available include ATEX certified diesel and petrol versions. These new pumps are suitable for use in applications with a requirement for guaranteed delivery measurement accuracy, such as in local council installations where fuel needs to be precisely costed across different departments, or in situations where fuel is directly resold. MID-approved fuel systems are also available.

Day Tank Controllers

The new Hytek Day Tank Controller is available as battery-powered or 230V variants, both of which offer three channel monitoring and high-volume alarms;

the powered variant also features a flashing alert light for optimal effect. These Day Tank Controllers are a cost-effective way to automate the filling of day tanks and can be combined with the existing remote warning device for tanks placed a long way away.

In addition, the Hytek Engineered product range has grown to include: the AdBlue® Pedestal Dispenser, a new Fill point Cabinet with tempered glass window, AdBlue® misfilling nozzles and Stainless-Steel hose reels. ■

Hytek only supply the trade. For a copy of their full range product catalogue email newcat@hytekgb.com or for information on opening an account, please call +44 (0) 1279 815 600



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PUTTING THE UKPIA'S FUTURE VISION INTO PRACTICE

How can the UK downstream oil sector best deal with its current challenges? According to Stephen Marcos-Jones, co-operation is a big part of the answer.

Stephen Marcos-Jones, Director-General of the UK Petroleum Industry Association (UKPIA), shares his thoughts on the UKPIA's Future Vision and how partnership and collaboration can help bring about the evolution the UK energy industry needs.

Sometimes the challenges facing the UK downstream oil sector seem so numerous that it is difficult to see the wood for the trees. Even without having to entirely recreate over four decades of trading and regulatory arrangements following the UK's decision to leave the EU, our industry is confronting some of the most profound examinations of our business model since the oil embargoes that shook the world economy in the 1970s: the COP21 Paris Agreement and the global efforts to reduce greenhouse gas emissions, as well as the coming revolution in transport and mobility – not just Electric Vehicles (EVs) in the car market but the prospects of ride-sharing and transport as a service. All of these will change the makeup and quality of fuels, with the increasing composition of biofuels and alternatively-sourced feedstocks.

Yet amidst all these major changes facing the oil industry, it is possible to identify opportunities for the way we do business: opportunities that can not only benefit society, but which offer us a route to securing the need for a successful, safety-driven and profitable downstream oil sector. It is, though, incumbent on us to not only identify those opportunities but work with stakeholders to put in place the policies and strategies that create those conditions.

That is where the UK Petroleum Industry Association (UKPIA) comes in.

In the 18 months since becoming Director-General of UKPIA in December 2017, our dedicated team of subject-matter experts and I have been working with our membership to build a compelling narrative for how the downstream oil sector can continue to play a vital part in how we live our lives, as well as to put in place

a framework for the future that meets the many challenges we face. In addition to advocating for the downstream industry now – as UKPIA always has been – we have also started to draw together the different strands of policy needed to ensure a long-term, sustainable, efficient and decarbonised energy system.

Those strands are being woven together in UKPIA's 'Future Vision', which looks ahead to 2050 and beyond for what the lasting role the industry can play. That role is diverse and exciting. Technologically, we must continue to improve efficiency in downstream operations, such as using Combined Heat & Power (CHP) plants to reduce reliance on the electricity grid, or integrate operations with petrochemical

amidst all these major changes facing the oil industry, it is possible to identify opportunities... that can not only benefit society, but which offer us a route to securing the need for a successful, safety-driven and profitable downstream oil sector.

facilities to avoid duplication; we can reduce our environmental impact by deploying Carbon Capture Utilisation and Storage (CCUS) technology or working with developers to create waste heat networks; and we must push the cutting-edge development of new, cleaner fuels – 'gas-to-liquids', biogas, biofuel from algae or kerosene from waste products – that will shape human activity for generations to come. Strategies too will need to embrace the changes coming, by diversifying into entirely new products and services.

I am looking forward to speaking with as many of you as I can.

See you in Liverpool.

STEPHEN MARCOS JONES
DIRECTOR-GENERAL
UKPIA



The 'Future Vision' is our high-level roadmap to where we believe the downstream oil sector could go. But to know where we are going, we need to understand where we are now. That is why as part of our work earlier this year UKPIA published new, independent research by Oxford Economics, that maps out how the downstream oil sector – from refining to distribution to the forecourt – supports jobs and investment across the UK.

Our report – The Economic Contribution of the UK Downstream Oil Sector – demonstrates the signal importance of the industry to modern British life. 38 per cent of UK energy consumption is currently met by petroleum products. The sector supports 300,000 jobs, with a value of £21.2 billion to UK GDP. In a country struggling with a productivity gap, our sector is 29 per cent above the national average. With infrastructure and facilities spread across the nations and regions of the UK, the benefits from the downstream sector are felt far and wide.

Maintaining this essential industrial strength that underpins the UK economy is part of UKPIA's mission. But we cannot achieve this on our own, which is why UKPIA is committed to reaching out to others similarly concerned with the future of the downstream oil sector in the UK. That means working where we can with other like-minded trade associations to highlight the dynamic contribution our industry makes to society, and how our products provide the prerequisite for ensuring a just and sustainable transition to a modern, low-carbon economy. Nowhere is that cross-sector collaboration more fruitful and rewarding than UKPIA's work with the Federation of Petroleum Suppliers (FPS).

FPS's voice is respected by government, trusted by its members and helps advance the agenda not only for the heating oil distribution industry but for the whole downstream oil sector. By helping businesses to be the best they can be in terms of technical advice, compliance certification and training, FPS is a real ally for UKPIA in our efforts to demonstrate how a responsible, engaging and productive oil industry will be as vital to our future prosperity as it is now.



OIL IS THICKER THAN WATER

Talking the nitty-gritty of distribution, philosophies of customer service, the future of the industry and family ties with Simon and Clifford of Lovell Fuels.



CLIFFORD TAPPIN

Lovell Fuels is a Buckinghamshire-based distributor with a long family background and deep roots in the area. They also have a reputation for excellence and honest, committed customer service – probably best demonstrated by the level of loyalty among customers, not just to the name but to the people behind it. One of those people is Clifford Tappin, the FPS Driver of the Year 2018 and as dedicated and experienced a driver as you're likely to find in the industry. Downstream sat down with the team at Lovell to talk about what exactly it is that makes them stand out.

Downstream: Can you give us a bit of background about Lovell Fuels?

Lovell Fuels started up in September 2013, 12 years after the previous family business (HW Lovell & Son, run by Simon's mum and dad) was bought out. Simon started doing tanker repairs after his family's business ceased, and then a few years later, bought his own tanker to do uplifts for customers. He went on to do some subcontracting during the winter months for Pace Fuelcare, which brought back the hunger to get back into the oil business. With the family depot now available after

a 10-year lease had ended, the tanks and equipment were reinstated and Lovell Fuels was formed. With the help of the old family business's name and reputation, the business took off with the same values – service, reliability and competitive prices.

Simon: Subcontracting for Pace I found myself going to a lot of old HW Lovell customers and I kept hearing the same feedback: there used to be an oil company called HW Lovell, they were wonderful, the service was fantastic. That created a conversation with the customer, and I got the hunger back for the job.

Downstream: What do you think sets Lovell apart in the area?

Lovell Fuels gives quick, truthful answers. We pride ourselves on looking after the local community, with same day deliveries for urgent customers where possible. If we can't do something, we will be honest with the customer and tell them, rather than promise the earth and not deliver what we say. Together with a good competitive price and excellent service, it has served us very well as a template for building the business.



SIMON LOVELL

Simon: For us it's all about keeping up the service and doing what we say we're going to do. At the end of the day the customer needs oil and they want to know whether they can get it – if you can't they want someone who can. It's not fair on them to say you can when you actually can't and leave them with another two nights of no heating.

Downstream: How do you think the industry has changed while you've been in operation?

Oil prices *and* how they fluctuate are a big factor in the industry. When oil prices are low, customers order more, and when prices are high they order minimum amounts. We are definitely finding ourselves delivering more and more 500 litre orders. We are finding we are having to do a lot more deliveries to fill the trucks up these days. The internet opens up more competition, with other oil companies willing to travel miles for a small margin, in order to fill the books. When the cold weather hits, they can't offer the service, especially in adverse weather conditions, whereas Lovells will do their best. There seems to be a distinct attitude difference between the internet price-chasing customer and the loyal service-oriented customer.

Downstream: What do you see as the big changes on the horizon?

The oil industry is constantly faced with many challenges, from Brexit adding to the weak pound, and rising costs in oil from OPEC to the drive for alternative sources of fuels, solar, air source, electric cars... the industry is slowly on the decline.

Downstream: What would you say membership of the FPS has brought to your business?

FPS membership is a one stop shop to all the answers to testing questions and problems the industry faces. Whether it be legislation addition or changes, bespoke specialist training solutions, documentation paperwork or templates for insurance purposes, FPS offers quick answers and greatly reduces the complication and potential stress in an already stressful industry.

Simon: It's been fantastic – they'll answer any query and if they don't know they'll find out. When you've got insurance companies asking you for all sorts of strange paperwork, it's a big help having someone like (FPS Technical Manager) Tony Brown to put everything in place to meet the requirements. For any training you need they use accredited people. The standard of service across the board with the FPS is really good.

Downstream: As our readers are probably aware, your driver Clifford Tappin received the FPS Driver of the Year award last year. What do you think makes Clifford stand out as a driver?

Clifford's vast experience and passion for the industry and his job set him apart. His meticulous attention to detail, delivering the fuel safely and making sure every customer is satisfied, he is worth more than his weight in gold as he is only 5'5" tall! His positive bubbly personality and

attitude which lights up the office when he enters. He proudly parades his sparkling clean Scania around with "FPS Driver of the Year" decals on the cab. Clifford is thorough and efficient and goes those extra miles for the company and the industry he loves! What more could an oil business want in a driver!

Clifford: My philosophy is – I've always said this – every customer is a source of bread and butter. That's what you need to live. The more customers you've got, the more you've got to live on; if you upset a customer, you lose your bread and butter, and if you keep doing that you've got nothing. It's got me a very good customer relationship – I've been driving for 32 years and I've moved twice in that time, and both times there's been a wave of customers that have come with me. I think that says something. It helps being at Lovells as well – we've got a good working environment, everybody's friendly and works as a team – it makes everyone's life easier. ■

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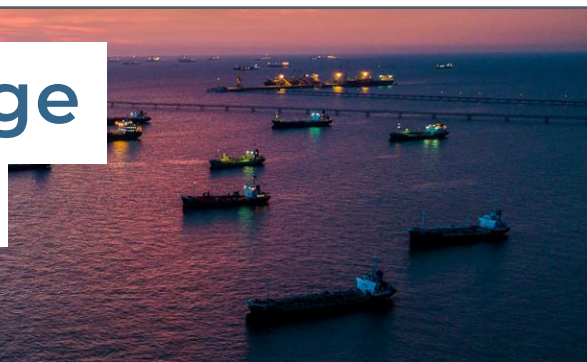
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EU calls for change in regulations for US LNG exports



The European Commission has called on the US to ease its regulations on exports of liquefied natural gas (LNG) to the EU.

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S exports of LNG to the EU are currently subject to multiple regulatory restrictions, including requirements for prior regulatory approval, while the EU has no non-market barriers to the import of US LNG.

Over the past six months, the US share of the EU LNG market was 12 per cent, making it Europe's third largest supplier. In January 2019, EU imports of US LNG were 1.3 billion cubic metres, compared with 102 million cubic metres in January 2018.

The call to for the US to relax its rules comes as the EU reports a continued increase in US LNG imports: cumulative imports have risen by 181 per cent by March 2019 in comparison to the period before July 2018, when the US and the EU reached an agreement on co-operation in strategic areas including energy.

The European Union is ready to facilitate more imports of liquefied natural gas from the US, if the market conditions are right and prices competitive.

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